App. F. IX-4

1934

Previous References (GR.)

GR File No. 139-34

Serial Nos. 10

GR 139-34-1

Letter References.

RECEIVED

Journal

P. 11 = E.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. one

Part B for [illegible]

SUBJECT.

Regarding the ~~storing~~ Closing of the 4½% Conversion loan operations

WD 0418—GPB—22,500—29-8-36

Unofficial Note No.3405 S L dated 8th June 193[illegible] from the Comptroller, regarding the closing of 4% Conversion loan operations, and the issue of 3½% 1951-56 loan for the conversion of Mysore ment 5½%, 6¼% and 6½% Loans maturing in the yea 1936, 1940 and 1941.

At the time when we sanctioned the issue of the third series of the 4% 1953-63 loan in August 1934, we had no idea of raising another loan In October 193[illegible], we raised a 3½% 1951-56 cash lo for Rs 50 lakhs. Both the loans are being sold at a premium, the 4% loan being quoted at Rs 10 and the 3½% Loan at Rs 102(Yield of 4% loan bein 3.627 and the yield of 3½% Loan being 3.341).

2. The conversions so far effected to the 4% Loa amount to Rs 46.57 lakhs(inclusive of Rs 10.23 l representing the Kadur Railway cess fund held in the Savings Bank deposit and converted into the loan as a special case with the sanction of Gove ment). I think we may stop this conversion and offer the new 3½% loan instead, for the conversi the Mysore Government 5½%, 6¼% and 6½% Loans and Savings Bank seven year fixed deposits, after a The advantage in offering the new 3½% loan is th we will pay a lower rate of interest(½% less) on the loans after the dates of maturity of the Converted Loans 1936 to 1941, while we will not paying anything more up to the dates of maturiti of the old securities.

3. As regards the cash bonus to be offered, the Comptroller suggests that we may give the diffe

neet.

5394
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File No. of 193 . | General and Revenue Secretariat

between the Market value of the 4% and 3½% loans, in addition to the cash bonus now being paid. ~~BBBB BSBBB

9) Kind reference is invited to the Notification of the Government of India dated 30th July 1935 regarding the issue of a Three per cent 1951-54 Loan at Rs 96-8-0 per cent. The Loan was oversubscribed in a few minutes on the opening day itself. The yield of this loan works up to about 3.26 per cent.

10) The point for consideration is whether we cannot offer our 3½% 1951-58 loan for the conversion of our 5½%, 6¼% and 6½% loan bonds maturing before 1941, and if this scheme is to be sanctioned what rates of Cash bonus will have to be given.

11) To Comptroller with compliments for favour of remarks and also for noting the rates of cash bonus to be allowed. Reference is invited to Mr.Shamanna's note dated 13th June 1935 regarding the basis on which the rates of Cash bonus have to be fixed.

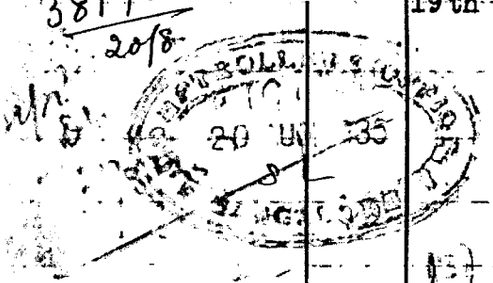
19-8-35

Sd/- Shamanna

19th August 1935. Financial Secretary

N.O.M.70 20/8/35

381/S.L 20/8



19.8.35

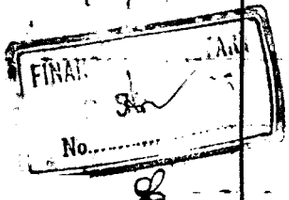
Lr.No.551/S.L. Dated 3-9-1935.

12) Returned with compliments.

13) In view of the present unsettled condition of the Security market due to persistent rumours of war the question of issuing a new 3½ per cent Conversion loan may, I think, be taken up for consideration after a month or so.

21-8-1935. Sd/- Illegible
Offg. Comptroller

N.O.173/S.L. 31-1/35



14) I am in duties to the 11 that all term in all Securities will appreciate or depreciate in unison. The conversion of one term in all Security to another of the same or similar kind will involve a relatively small difference in margin that is likely to remain constant.

NOTE—Contn. Sheet.

[illegible] Lowers bill [illegible] Assembly next month

5.9.35

Secretariat

Sec 619/35

15) Submitted for orders. At present the short-term securities are commanding good premium and the question of offering 3½% 1951-58 loan bonds for the conversion of 5½% 1938 Bonds etc may be considered after two months.

1-10-35

H Secy) Sec 3/10/35.

Secretariat

Sec for 1 mon

15-10-35

5/11

16) May be put up a month hence -

6/10

Sec 8/10/35.

17) Submitted for orders. The question may perhaps be deferred for consideration for another two months

23-11-35

H Secy) Sec 25/11/35.

26/11

Secretariat

Sec for 2 mon

27-11-35

Sec 26/11/35.

18) Submitted for orders. The new Three per cent loan is in the market. Orders

Serial No.

have been issued for the acceptance of Mysore Govt S. B. Three per cent Fixed deposits as subscriptions to the Three per cent loan.

Whether we can offer the new Three per cent loan for the conversion of 5½%, 6¼%, and 6½% loans is for consideration.

Y
17-2-36

H Seey) 17.2.36.

We will not give any Cash bonus this time but will allow only F.D. holders to get back their money & ant Subscribe the same to the new loan. We may wait & see to what extent the 3% F.D. holders will respond to our offer. If it is unlikely that the F.D. holders getting a higher rate of interest will agree to this Conversion to a lower rate of interest.

Bring up in 3 months 16/2/36.

(7/2)

The new 3% loan has been closed. The question of offering it for the conversion of 5½%, 6¼% and 6½% loans & Savings Bank fixed deposits may be considered after some time (say 3 months)

Keep for 3 months

Y
15-8-36

Y
14-8-36

IW 15/8

May be recorded, for the present.

NOTE.—Contn. Sheet.

WD 03594—GPB—30,000—13-7-35

Y
24-11-36

yes IW 24/11

File No. of 193 .

General and Revenue Secretariat

C.D 138-24-10

FINANCE
No.

U.O.Note No.3405/S.L. Dated: 8th June 1935.

10 JUNE 1935
5394

Our 3½% Loan 1951-58 has some advantages over the 4% Loan 1953-63. It has an earlier period of maturity. It commands also a readier sale as the total amount issued is very small being only Rs.50 lakhs I therefore suggest that we may try conversion of our 5½% 1938, 6¼% 1940 and 6½% 1941-51 Loan bonds into the 3½% Loan instead of to the 4% Loan as at present. The third series of issue of the 4% Loan by conversion has been continuing from August last. The total amount of 4% Loan issued to date is about 2.96 crores and this amount may be considered to be sufficient for purposes of circulation. In fact, of all the Mysore Loans the 4% Loan has the largest amount at credit. On the other-hand the amount of 3½% Loan is not sufficient for circulation and it is still to be quoted in the Bombay Market daily reports. It is desirable to increase its amount by offering it for conversion, simultaneously stopping the conversion into 4% Loan.

As regards the cash bonus to be offered, we may give the difference between the Market value of 4% and 3½% Loans in addition to the cash bonus we are now paying. The 4% Loan is quoted at Rs.105-12-0 (Times of India dated 6-6-1935) and 3½% Loan at Rs.102-1-0% (Hindu dated 6-6-1935) and there is a difference of about Rs.3-11-0% . Adding this to the rates of cash bonus we are now paying, the rates of cash bonus for conversion to the 3½% Loan 1951-58 will be as shown below for the fortnight ending 30-6-1935, taking one anna less all round. The present value of the difference in interest working at 3½% compound interest is shown in the last column for purposes of comparison.

This is not the only method of calculation we may calculate in other ways also.

1876

	Proposed rate of cash bonus.	Present values.
1. 5½% Bonds 1938.	5-4-0	6-5-0
2. 6¼% Loan 1940.	12-14-0	13-3-0
3. 6½% Loan 1941-51.	15- 6-0	17-0-0

Adding the premium of Rs.2-1-0% of 3½% Loan as quoted, to these rates of cash bonus, the rate at which we are converting these loans is compared below with their market rates.

	Rate at which converted.	Market rates.
1. 5½% Bonds 1938.	107- 5-0	107-12-0 to 108
2. 6¼% Loan 1940.	114-15-0	115-8-0
3. 6½% Loan 1941-51.	117- 7-0.	119-0-0

I request orders of Government on these proposals.

Comptroller.

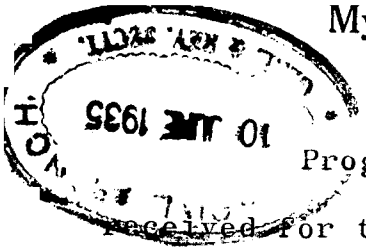
8.6.35

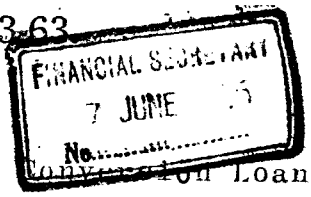
To

The Financial Secretary

to Government, with compliments.

S.S.





Mysore Government 4% Conversion Loan 1953-63.

(THIRD SERIES.)

Progress Report of subscriptions to the New Conversion Loan received for the period up to 7th June 1935.

	Subscriptions for the period	Total to date	Remarks
1. 5½% Bonds 1938 ..	200	28,59,700	
2. 6¼% Loan 1940 ..	1500	5,89,975	
3. 6½% Loan 1941-51 ..	-	11,850	
4. Cash Bonus and Interest ..	-	14,975	
5. 5½% Savings Bank Fixed Deposit Receipts.	-	1,58,300	
6. Savings Bank Call Deposits.	~~10,23,000~~	~~10,23,000~~	
(Kudan Al. Bd) Total ..	10,24,700.	46,57,800	

No. 3384 /S. L.

COMPTROLLER'S OFFICE,

Bangalore, dated 7th June 1935.

Forwarded with compliments, to the Financial Secretary to the Government of Mysore, Bangalore, for information.

B. Nagendra Rao

For Comptroller.

COM.53.O.200.19-2-35

GOVERNMENT OF INDIA

FINANCE DEPARTMENT

NOTIFICATION

No. F./3(4)-F./35.

Dated Simla, the 30th July 1935.

Subscriptions for an issue of a 3 per cent. Loan, 1951-54, will be received from the 5th August 1935. Subscriptions may be in the form of cash or of 5 per cent. Bonds, 1935, or 6½ per cent. Treasury Bonds, 1935. The loan will be closed without notice as soon as it appears that the total subscriptions in cash, in 5 per cent. Bonds, 1935, and 6½ per cent. Treasury Bonds, 1935, amount approximately to Rs. 15 crores (nominal value), and in any case not later than the 10th August 1935. If the total subscriptions on the first day exceed Rs. 15 crores (nominal value), partial allotment will be made to subscribers in cash.

3 PER CENT. LOAN, 1951-54, issued at Rs. 96-8 as. per cent. and redeemable at par not earlier than 1951 and not later than 1954.

2. DATE OF REPAYMENT.—If not previously repaid, the loan will be repaid at par on the 15th September 1954, but the Government of India reserve to themselves the right to repay the loan, or any part of it, at par, on or after the 15th September 1951, on giving three calendar months' notice in the *Gazette of India*.

3. ISSUE PRICE.—The issue price will be Rs. 96-8 as. for every Rs. 100 of the loan applied for.

4. INTEREST.—The loan will bear interest at the rate of 3 per cent. per annum from the 15th September 1935. Interest will be payable half-yearly on the 15th March and the 15th September, and will be liable to income-tax.

Interest from the date of application to the 14th September 1935, inclusive, will be paid at the time of issue of the new securities, at the rate of 3 per cent. per annum on the nominal value of the loan.

Conversion Terms.

5. 5 PER CENT. BONDS, 1935 AND 6½ PER CENT. TREASURY BONDS, 1935, will be accepted in subscription to the 3 per cent. Loan, 1951-54, as the equivalent of cash at Rs. 100-7 as. and Rs. 100-11 as. respectively per Rs. 100 (nominal) of the bonds tendered. If the cash value of the bonds tendered as subscription is not an exact multiple of the issue price per cent. of the loan applied for, the tenderer will receive in cash, at the time of issue of the new securities, the amount by which the value of the bonds tendered exceeds the nearest lower multiple of the issue price.

In addition to the advance interest payable in accordance with paragraph 4 above, interest at the rate of 5 per cent. per annum on the 5 per cent. Bonds, 1935, and at the rate of 6½ per cent. per annum on the 6½ per cent. Treasury Bonds, 1935, up to the 4th August 1935 inclusive, on the bonds accepted for conversion, will be paid in cash at the time of issue of the new securities.

Supplementary Provisions.

6. The loan will be issued in the form of—

(i) Stock, the applicants for which will be given Stock Certificates or

(ii) Promissory Notes.

If no preference is stated by the applicants, the securities will be issued in the form of Promissory Notes.

7. Applications for the loan must be for Rs. 100 or a multiple of that sum.

8. Applications will be received at the Offices of the Reserve Bank of India at Bombay, Calcutta, Delhi, Madras and Rangoon, and at the Indian Branches of the Imperial Bank of India at other places.

9. Applications may be in the form attached hereto, or in any other form which states clearly the amount and description of the securities required, the full name and address of the applicant, and the treasury or sub-treasury at which he desires that interest shall be paid.

10. Applications should be accompanied by the necessary payment in any of the forms mentioned below :—

(*a*) CASH OR CHEQUE.—Cheques accompanying applications presented at an Office of the Reserve Bank of India, or a Branch of the Imperial Bank of India, should be drawn in favour of the Manager of the Office, or the Agent of the Branch, as the case may be.

(*b*) 5 PER CENT. BONDS, 1935 OR 6½ PER CENT. TREASURY BONDS, 1935.—Applicants who tender bonds in payment must transfer such bonds to Government, (*a*) in the case of Promissory Notes, by endorsing these with the words " Pay to the Governor-General in Council " over their signature, and (*b*) in the case of Stock, by signing the form of transfer deed on the back of the Stock Certificate before a witness.

11. If partial allotment is made in respect of subscriptions received in cash, a proportionate refund will be made at the time of issue of the new securities. No interest will be paid on the amounts so refunded.

12. Brokerage will be paid at the rate of 1/16th per cent. to Scheduled Banks and recognised brokers on applications for the loan bearing their stamp.

13. Applications accompanied by subscriptions in 5 per cent. Bonds, 1935, or 6½ per cent. Treasury Bonds, 1935, will also be received at the London Office of the Imperial Bank of India.

Advance interest and cash payments due in accordance with paragraphs 4 and 5 above will be paid by the London Office of the Imperial Bank of India by means of rupee drafts on India which will be negotiated by the Bank, if the recipient so desires, at the current rate on the date of payment of subscription.

The London Office of the Imperial Bank of India will send advices to the Public Debt Office, Calcutta, of all applications received by them, and the latter will forward the scrip direct to the applicants.

By order of the Governor-General in Council,

P. C. TALLENTS,

Secretary to the Government of India.

FORM OF APPLICATION.

I / We _____

herewith tender

Cash Rs._____ _____

Cheque for Rs._____

5 per cent. Bonds, 1935, of the nominal value of Rs._____

6½ per cent. Treasury Bonds, 1935, of the nominal value of Rs._____

and request that securities of the 3 per cent. Loan, 1951-54, of the nominal value of Rs._____may be issued to $\frac{me}{us}$ in the form of $\frac{\text{Promissory Note(s)*}}{\text{Stock Certificate}}$, interest to be payable at_____

Signature_____

Name in full_____

Address_____

_____

Dated August 1935.

NOTE.—Bonds tendered for conversion should be endorsed with the words "Pay to the Governor-General in Council" over the signature of the applicant, if they are in the form of Promissory Notes, and the transfer deed on the back should be signed by him before a witness, if they are in the form of Stock Certificates.

* Promissory notes will be issued in denominations of Rs. 100, Rs. 200, Rs. 500, Rs. 1,000, Rs. 5,000, Rs. 10,000, Rs. 25,000, Rs. 50,000 and Rs. 1,00,000. State here particular denominations required.